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4 January 1955

MEMORANDUM FOR: Director of Central Intelligence
SUBJECT : Employment of Retired Army Officer
REFERENCE : Memorandum for DCI from Assistant Director of Personnel
dated 16 November 1954

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1. We concur in [REDACTED] conclusion that [REDACTED] appoint- 25X1A9a
ment should be undertaken within the provisions of P. L. 53. The law
is not sufficiently explicit to say beyond a doubt that his appointment
would be illegal if made other than through P. L. 53, but we think that
the balance of legislative intent would be against any construction that
would permit a clear distinction to be made between staff personnel used
directly by the Agency and those employed under a cover contract by one
of the Agency proprietary organizations.

2. The so-called dual compensation law is found in several sections
of the U. S. Code which must be read together. Section 59a provides for
a \$3,000 limitation on an individual's right to receive retired pay when
he also holds a "civilian office" or position under the U. S. Government
or under any corporation, "the majority of the stock of which is owned by
the United States". He may, however, make an election to accept either
the retired pay or the pay of the civilian office or position. An exception
is made for commissioned officers "retired for disability incurred in
combat with an enemy of the United States or for disabilities resulting
from an explosion of an instrumentality of war in line of duty". It seems
to us extremely doubtful that Congress would have excluded a non-stock

corporation if they had been aware of the possibility. Section 62 is an earlier Act prohibiting the appointment "to any other office" with compensation when such person already holds an office with compensation amounting to \$2,500. It excludes officers "who have been retired for injuries received in battle or for injuries or incapacity incurred in line of duty". No reference is made to Government ownership of corporations. While some argument may be made that the "office" within the limitations imposed upon the Agency by Section 62 is not equivalent to the position held by retired officers in our proprietary corporations, we feel that the more conservative approach should be taken with regard to future personnel, tacitly reserving our argument to the contrary for those we have taken on board in the past. This approach would also provide full assurance to the individual under the personal limitations imposed upon them by Section 59a.